



10 June 2016

Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

**ERC0196 Consultation Paper – National Electricity and National Energy Retail Amendment  
(Using estimated reads for customer transfers) Rule 2016**

Origin welcomes this opportunity to respond to the Australian Energy Market Commission's (AEMC) consultation paper on the rule change supporting the use of estimated reads as the basis for customer transfers lodged by the COAG Energy Council.

As for the related consultation on improving the accuracy of customer transfers, Origin supports the direction of this rule change in principle. A transfer on an estimated read, given the circumstances in which this would be permitted, will reduce the time taken for a customer to transfer to its chosen retailer. Origin remains of the view that the long-term solution lies in the deployment of advanced meters, however we recognise in the interim that the proposed rule change will improve customers' experience of the market and support competitive outcomes.

We support the proposed restrictions governing the circumstances in which a transfer on the basis of an estimated read can be used. The limitations contain the risk of over or under charging of customers and provide certainty to the extent that retailers, distribution businesses and customers understand the estimate will be used as the final value for settlement and billing.

In general, existing metrology procedures and dispute resolution processes will support the proposed rule change. Additional consideration regarding the materiality of estimated reads on final billing for customers under regulated feed-in tariff schemes may be required.

Additional specification in the rules of estimation methods and technical matters is not required. Should customers seek additional information regarding the basis of their final bill from their outgoing retailer, or their first bill from their incoming retailer, this should be provided by the respective retailer on request.

Finally, type 5 meters should not be allowed to transfer on the basis of an estimate if they are read and settled as interval meters in the market. The nature of settlement by difference creates additional issues and risks should a final read be estimated.

We make specific comment on the consultation paper below. Should the AEMC wish to discuss any matters set out in our response, please contact David Calder on (03) 8665 7712 in the first instance.

Yours sincerely

A handwritten signature in blue ink, appearing to read "K. Robertson".

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## Specific comments on the draft rule determination

### Question 1 Reasons why estimated reads are not currently used on transfers

- (a) Are consumers aware of the ability to transfer on an estimate, and if so, why are they reluctant to do so?
- (b) Why are retailers reluctant to initiate a transfer based on an estimated read? Does this reluctance stem from difficulties with the requirement to correct any overcharging in the next bill, and the potential for disputes to arise regarding this process, or are there other factors? Are there different reasons for this reluctance for the incoming retailer in a transfer, compared to the outgoing retailer?

Customers are generally not aware of their existing ability to transfer on the basis of an estimated read.

The reasons retailers rarely, if ever, use estimated reads as the basis of a transfer are very much aligned with those set out in question 1(b). In addition, retailer systems have not generally accommodated this method of final read and billing.

### Question 2 Proposed restrictions on transferring on an estimate

- (a) Are the proposed restrictions on the use of estimates on transfer sufficient to overcome the consumer and retailer issues identified in answers to Question 1 above?
- (b) If not, what additional restrictions or protections are required?
- (c) Are there any changes to the proposed restrictions that would improve the effectiveness of this proposed rule in reducing transfer times, without sacrificing consumer protections?
- (d) Are there any changes to the proposed restrictions that would reduce the costs of implementing the proposed rule, without sacrificing consumer protections?

Origin considers the proposed restrictions described on page 18 of the consultation paper to be appropriate and will address many of the reasons retailers have been reluctant to use estimated reads as the basis of transfer in the past.

There may be issues with estimating net or gross generation to the grid and crediting customers any outstanding balance owing to them in their final invoice from the outgoing retailer. Further consideration of this issue is required, as an over or underpayment will not generally impact on wholesale settlement if the estimate is applied as the settlement value, but it may impact network settlement (for subsidised feed-in tariff schemes).

Origin does not believe additional changes to the proposed restrictions are required, other than prohibiting the transfer of a type 5 (manually read interval meter) on the basis of an estimated read if it is settled for wholesale and network purposes as an interval meter.

**Question 3 Matters relevant to consent to transfer on an estimate**

- (a) In the interests of clarity and certainty, should the NERR specify the matters the retailer must disclose to the customer that are relevant to the consent of a customer to a final bill based on an estimate?
- (b) If so, what matters should be included? Potential matters include the bases on which an estimate may be prepared, and the fact that, while the estimate will not be replaced with an actual read, the customer will only be charged for the energy they consume (as between the last bill from the old retailer and the first bill from the new retailer).

The customer must be aware that they are transferring on the basis of an estimate and provide their explicit informed consent (EIC) to this; however the NERR need not set out detailed specification of the estimation methodology. Customers are opting in to the use of an estimate as the basis of their transfer request; should they seek additional information, it would be incumbent on the incoming retailer to provide this on request.

**Question 4 Record of customer's consent to transfer on an estimate**

- (a) Should the proposed rule include a requirement for the new retailer to provide the old retailer a record of the customer's explicit informed consent to the use of an estimate that complies with the requirements of sections 39 and 40 of the NERL?
- (b) If so, how should that record be provided? Would the Business to Business (B2B) Procedures provide an appropriate framework for providing consent records?

Origin does not believe it is necessary for the incoming retailer to provide a record of the customer's EIC. This is because the outgoing retailer would reasonably assume that such consent was sought if the basis for a transfer was on an estimated read. Adding a record of consent into a new B2B transaction would add limited value given the additional administrative burden involved.

**Question 5 Consequences of using an estimate without consent**

If a customer's final bill is based on an estimate, and the customer gave explicit informed consent to the transfer to a new retailer but did not consent to the use of an estimate for the final bill, what should the consequences be for the customer, the old retailer and the new retailer? Is it appropriate for the transfer to become void or would some other remedy better serve the customer?

The incoming retailer who failed to explain the basis for transfer should face appropriate sanctions for not securing the customer's explicit informed consent in this case. The customer may not have consented to the transfer had they known its basis would be an estimated final bill from the outgoing retailer and estimated start read for the incoming retailer. The incoming retailer should secure consent and if it is not provided, the customer given the option to return to their previous, or an alternate retailer.

**Question 6 Use of estimates for settlement**

- (a) What, if any, issues would be raised by the use of an estimated read (not corrected by an actual read) for a final bill with retail billing, wholesale market settlement or other payments made by retailers, for example network charges, feed-in tariffs, REC obligations, and market and ancillary charges?
- (b) What, if any, substantial changes to the systems or procedures of AEMO, retailers, MDPs or others would be required to address these issues?
- (c) How would the costs of implementing the changes referred to in Question 6 (b) compare to the savings to retailers and customers from reduced payments to MDPs for special reads on transfer and from reduced administrative costs (including those in relation to meter access issues) relating to long transfer times?

As discussed in our response to question 2(b) above and in relation to question 6(a), feed-in tariffs may present issues for customers, retailers and distributors if the basis of a transfer is an estimate. However, Origin notes this will be restricted to the final billing period only as the previous read would have been an actual. There may be a need to support a later reconciliation of any material differences, similar to the 200kWh ceiling beyond which a retailer can dispute an estimated read.

With respect to wholesale settlement, Origin believes that given settlement by difference and profiling of type 6 meters, and the absence of a systematic bias in the estimation methodology, it is unlikely that in aggregate any retailer will experience settlement volumes that result in underpayment or overpayment of spot market outcomes. Market, renewable energy certificates and ancillary service charges will also likely net out to zero.

As such, Origin does not believe substantial changes to market, retailer, meter data provider or distributor systems are required.

**Question 7 New estimation methodology for estimates on transfer**

- (a) In the context of preparing estimates for final bills for in-situ transfers, are the current estimation methodologies set out in AEMO's metrology procedures sufficient or is a new methodology necessary?
- (b) Should the rules include any general principles regarding the new estimation methodology, for example that customer reads should be given priority, where available?

Origin considers that existing estimation methodologies contained in the metrology procedures are sufficient for type 6 meters.

**Question 8      Dispute resolution process for disputes relating to the use of estimates on transfer**

- (a) Is a new dispute resolution process required for disputes arising from the use of estimates on transfer, or should existing dispute resolution procedures in rule 8.2 of the NER be used?
- (b) If a new dispute resolution process is required, should it follow the outline given in the Review, where the retailer would dispute the estimated read through the MSATS process, and AEMO would then determine the appropriate estimated read to be used in the transfer by applying the new estimation methodology?
- (c) If an estimate is taken through a dispute resolution process, should a materiality threshold be imposed, below which changes to the estimate determined by the MDP would not be made? For example, if on review the estimate determined by AEMO is less than 200 kWh different from the estimate originally determined by the MDP, should the MDP's estimate be retained? This would be one way to restrict the number of estimates that are disputed.
- (d) As an alternative to disputing an estimate through a dispute resolution process, should a retailer that objects to an estimate be permitted to arrange a special meter read (at its cost)?

Origin does not believe a new dispute resolution process is required. However, as industry and AEMO develop and test existing and any additional procedures to support the rule change, there will be opportunity to consider scenarios that may not have been contemplated. At that point, the dispute resolution procedures in the National Electricity Rules can be thoroughly tested.

Origin supports the application of a lower threshold for disputing an estimated read from an MDP. The use of an estimated read is always an option available to a retailer, noting that the charges for this service vary across distribution networks.